

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

As of March 31, 2020 and March 31, 2019

Assets	2020/3/31	2019/12/31	2019/3/31
Current assets	NT\$'000	NT\$'000	NT\$'000
Cash and cash equivalents	6,700,252	6,166,005	4,494,304
Financial assets at fair value through profit or loss-current	0	0	101,592
Financial assets at fair value through other comprehensive income	22,944	30,114	21,223
Contract assets-current	135,645	126,182	241,452
Notes receivable, net	4,414	4,268	13,984
Accounts receivable, net	4,919,512	4,936,281	3,917,896
Accounts receivable from related parties, net	1,278,897	911,027	735,975
Other receivables	338,586	278,134	275,973
Other receivables from related parties	6,326	7,956	4,889
Inventories, net	1,283,527	1,081,035	1,090,188
Prepayments	220,769	272,607	707,813
Other current assets	112,644	77,370	195,250
Other financial assets-current	4	4	264
Total current assets	15,023,520	13,890,983	11,800,803
Non-current assets			
Financial assets at fair value through other comprehensive income-non-curre	2,067,001	2,425,166	1,928,388
Investments accounted for using the equity method	69,224	65,228	65,088
Property, plant and equipment	37,955,173	36,890,887	32,363,089
Right-of-use assets	1,343,369	1,373,907	632,991
Intangible assets	69,840	73,795	149,435
Deferred tax assets	256,923	229,882	343,905
Other financial assets-non-current	113,125	113,125	112,400
Other non-current assets	16,900	16,176	16,260
Total non-current assets	41,891,555	41,188,166	35,611,556
Total assets	56,915,075	55,079,149	47,412,359

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)

As of March 31, 2020 and March 31, 2019

Liabilities and shareholders' Equity	2020/3/31	2019/12/31	2019/3/31
	NT\$'000	NT\$'000	NT\$'000
Liabilities			
Current liabilities			
Short-term loans	471,927	493,383	114,419
Contract liabilities-current	76,757	68,330	108,637
Notes payable	14,014	1,633	14,952
Accounts payable	1,165,259	1,054,963	840,779
Accounts payable to related parties	28,319	30,713	5,351
Other payables	2,877,844	2,973,602	1,967,400
Other payables to related parties	80,571	91,048	60,909
Payables on equipment	1,557,370	963,512	717,733
Current tax liabilities	880,111	723,277	389,087
Lease liabilities-current	674,224	792,980	18,897
Current portion of long-term liabilities	838,875	403,605	197,233
Other current liabilities	463,542	303,923	247,302
Total current liabilities	<u>9,128,813</u>	<u>7,900,969</u>	<u>4,682,699</u>
Non-current liabilities			
Long-term loans	19,960,952	19,924,440	16,644,265
Deferred tax liabilities	43,509	39,921	299
Lease liabilities-non-current	481,467	485,263	507,063
Net defined benefit liabilities	528,169	528,169	481,570
Guarantee deposits	1,933	1,933	1,580
Total non-current liabilities	<u>21,016,030</u>	<u>20,979,726</u>	<u>17,634,777</u>
Total liabilities	<u>30,144,843</u>	<u>28,880,695</u>	<u>22,317,476</u>
Equity			
Equity attributable to owners of the parent company			
Share capital			
Common stock	12,227,451	12,227,451	12,227,451
Capital surplus	4,832,721	4,832,721	4,843,558
Retained earnings			
Legal reserve	2,359,299	2,359,299	2,179,765
Special reserve	803,172	803,172	431,239
Undistributed earnings	7,266,186	6,371,702	5,976,702
Total retained earnings	<u>10,428,657</u>	<u>9,534,173</u>	<u>8,587,706</u>
Other equity	(725,113)	(402,406)	(570,441)
Equity attributable to owners of the parent company	<u>26,763,716</u>	<u>26,191,939</u>	<u>25,088,274</u>
Non-controlling interests	6,516	6,515	6,609
Total equity	<u>26,770,232</u>	<u>26,198,454</u>	<u>25,094,883</u>
Total liabilities and equities	<u>56,915,075</u>	<u>55,079,149</u>	<u>47,412,359</u>

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2020 and 2019

	For the three months ended March 31,	
	2020	2019
	NT\$'000	NT\$'000
Net sales	7,001,154	5,260,124
Operating Costs	4,968,439	4,137,141
Gross Profit	2,032,715	1,122,983
Operating expenses		
Selling expenses	98,818	89,550
Administrative expenses	406,885	355,182
Research and development expenses	258,307	219,723
Expected credit losses	229	123
Total operating expenses	764,239	664,578
Operating Income	1,268,476	458,405
Non-operating income and expenses		
Other income	18,006	62,774
Other gains and losses	(20,787)	27,697
Finance costs	(103,857)	(68,007)
Shares of profit of associates accounted for using the equity method	3,996	2,736
Total non-operating income and expenses	(102,642)	25,200
Net income before income tax	1,165,834	483,605
Income tax expense	271,414	104,239
Net income	894,420	379,366
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss:		
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	(365,335)	181,142
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	73,067	(34,479)
Item that will be reclassified subsequently to profit or loss:		
Exchange differences resulting from translating the financial statements of foreign operations	(37,989)	107,589
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	7,610	(21,517)
Total other comprehensive income(losses), net of tax	(322,647)	232,735
Total comprehensive income	571,773	612,101
Net income attributable to:		
Owners of the parent company	894,479	379,409
Non-controlling interests	(59)	(43)
	894,420	379,366
Total comprehensive income attributable to:		
Owners of the parent company	571,772	612,141
Non-controlling interests	1	(40)
	571,773	612,101
Basic earnings per share	0.73	0.31
Diluted earnings per share	0.72	0.31

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2020 and 2019

	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000
Balance as of January 1, 2019	12,227,451	4,844,536	2,179,765	431,239	5,597,293	(292,128)	(511,045)	24,477,111	42,741	24,519,852
Profit for the three months ended March 31, 2019					379,409			379,409	(43)	379,366
Other comprehensive income for the three months ended March 31, 2019						86,069	146,663	232,732	3	232,735
Total comprehensive income	0	0	0	0	379,409	86,069	146,663	612,141	(40)	612,101
Changes in ownership interests in subsidiaries		(978)						(978)	(36,092)	(37,070)
Balance as of March 31, 2019	12,227,451	4,843,558	2,179,765	431,239	5,976,702	(206,059)	(364,382)	25,088,274	6,609	25,094,883
Balance as of January 1, 2020	12,227,451	4,832,721	2,359,299	803,172	6,371,702	(441,617)	39,211	26,191,939	6,515	26,198,454
Profit for the three months ended March 31, 2020					894,479			894,479	(59)	894,420
Other comprehensive income for the three months ended March 31, 2020						(30,439)	(292,268)	(322,707)	60	(322,647)
Total comprehensive income	0	0	0	0	894,479	(30,439)	(292,268)	571,772	1	571,773
Changes in ownership interests in subsidiaries					5			5		5
Balance as of March 31, 2020	12,227,451	4,832,721	2,359,299	803,172	7,266,186	(472,056)	(253,057)	26,763,716	6,516	26,770,232

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2020 and 2019

	For the three months ended March 31,	
	2020	2019
	NT\$'000	NT\$'000
Cash flows from operating activities		
Profit before income tax from continuing operations	1,165,834	483,605
Adjustments for :		
Depreciation	2,029,186	1,671,598
Amortization	14,402	22,722
Expected credit loss	229	123
Net gain on financial assets at fair value through profit or loss	0	(131)
Interest expense	103,857	68,007
Interest income	(1,981)	(331)
Investment gain accounted for using the equity method	(3,996)	(2,736)
Gain on disposal of property, plant and equipment	(1,822)	(8,250)
Unrealized foreign exchange loss	81,252	17,224
Changes in operating assets and liabilities		
Contract assets	(9,463)	47,975
Notes receivable	(146)	(140)
Accounts receivable	16,545	500,661
Accounts receivable due from related parties	(367,870)	33,756
Other receivable	(59,456)	(39,564)
Other receivable due from related parties	1,991	6,431
Inventories	(202,492)	46,964
Prepayments	(41,549)	(18,375)
Other current assets	(35,274)	(4,151)
Contract liabilities	8,427	22,674
Notes payable	12,381	(35,204)
Accounts payable	110,296	(342,986)
Accounts payable to related parties	(2,394)	(7,040)
Other payable	(95,460)	(308,675)
Other payable to related parties	(11,588)	(19,678)
Other current liabilities	159,619	(76,606)
Cash generated from operating activities	<u>2,870,528</u>	<u>2,057,873</u>
Interest received	985	7,033
Income taxes paid	(57,356)	(1,186)
Net cash provided by operating activities	<u>2,814,157</u>	<u>2,063,720</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,417,875)	(2,166,366)
Proceeds from disposal of property, plant and equipment	2,301	9,407
Increase in refundable deposits	(719)	(424)
Acquisition of intangible assets	(10,495)	(907)
Increase in other financial assets	0	(2,748)
Net cash used in investing activities	<u>(2,426,788)</u>	<u>(2,161,038)</u>
Cash flows from financing activities		
Increase in short-term loans	9,686	0
Decrease in short-term loans	(28,133)	0
Borrowing in long-term loans	11,505,701	3,763,370
Repayments of long-term loans	(11,121,339)	(3,874,272)
Increase in guarantee deposits	0	7
Cash payment for the principal portion of the lease liabilities	(129,680)	(7,075)
Acquisition of ownership interests in subsidiaries	0	(37,070)
Interest paid	(94,655)	(62,887)
Net cash provided by(used in) financing activities	<u>141,580</u>	<u>(217,927)</u>
Effect of change in exchange rate on cash and cash equivalents	5,298	22,923
Net increase(decrease) in cash and cash equivalents	534,247	(292,322)
Cash and cash equivalents at the beginning of the period	6,166,005	4,786,626
Cash and cash equivalents at the end of the period	<u>6,700,252</u>	<u>4,494,304</u>